The Phoney World of Foundations, P. 3

Why Not Make Westmoreland A Cardinal and Spellman A General?

'Gen Wm. Westmoreland, commander of U.S. troops in Vietnam . . . in an editorial written at the request of the Charleston, S.C. Evening Post . . . called for this Christmas to be rededicated to the principle that 'every human being has the right to seek his identity without fear of intimidation.' This, he said, was Christ's message and is what the U.S. is fighting for in Vietnam, adding 'Christ's wish for peace on earth may be moved closer to reality if Americans continue to support that cause'."

—UPI in Washington Post, *Christmas Day 1966.*

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Harrison Salisbury's Dastardly War Crime

The animosity in Washington to the *New York Times* and Harrison Salisbury is more than resentment that they added to the dimensions of the credibility gap. The deeper reason is that they put a spoke in the wheels of the Pentagon's plans for intensifying the air war. A week before the *New York Times* published Salisbury's first dispatch from Hanoi, the military were already worried by acceptance in the Western world and at the Vatican of Hanoi's charge that residential areas had been hit and civilians killed in our air raids of Dec. 13 and 14. These were the heaviest on the North Vietnamese capital since its oil facilities were bombed last June 29. Henry L. Trewhitt reported to the *Baltimore Sun* from Washington (Dec. 20) that the Pentagon feared the effect of the world-wide outcry on the White House "where targeting is approved." The military had been hoping, Mr. Trewhitt wrote, to expand the list of approved targets to include "more of North Vietnam's industrial potential" and of its electric generating plants although these were "in many cases surrounded by relatively dense population." The military feared the world-wide outcry had put the White House "on the defensive" and made approval of these targets less likely. To have these charges confirmed by an executive of America's No. 1 newspaper, himself a reporter of long experience, made it impossible to downgrade criticism abroad as enemy propaganda or anti-American prejudice.

Air Force Aspirin

Thus this feat of free journalism is to be measured not by the exposure of civilian deaths in the past but by the possible saving of civilian lives in the future. The myth that we have been bombing the North with surgical precision is dead. Any stepup in the air war can only be taken now against a general recognition that it will carry us further along the path toward a war of extermination. Hanson Baldwin's efforts in the *New York Times* Dec. 30 to counter the effects of the Salisbury dispatches ("Bombing of the North: U.S. Officers Call It Effective and Limited") only made matters worse for the Pentagon. It disclosed that in our little limited war we were dumping a half million tons of bombs *per year* on Vietnam North and South. This, Baldwin admitted, is "somewhat more" than those expended against Japan in the entire Pacific area during the four years of World War II. He did not add that South Vietnam is not supposed to be an enemy but an allied country. The sheer tonnage we dispense may make other countries with guerrilla problems decide American aid is worse than the disease. It looks as if the U.S. Air Force remedy for an aching head is to shoot it off.

This Might Be Called Ponji Stick Journalism

Gee Whiz How Wicked Can Ho Get?

"Ho Chi Minh, master of guerilla warfare and political propaganda, is now embarked on one of his most daring exploits. But whether he will win or lose it is at this moment any man's guess. Having failed to subvert and militarily defeat the South Vietnamese, he came close before the massive American intervention—Ho tried frontal assault on U.S. forces with his own troops from the North. But that, too, failed because of Gen. Wm. Westmoreland's spoiling tactics. Now he is using another weapon, one as cleverly conceived as the poison-tipped bamboo spikes his men emplant underfoot for the unwary enemy. At long last, he has opened his country, or part of it, to an American journalist . . . to force a halt in the American bombing of his country. . . . Harrison Salisbury of the New York Times is Ho's chosen instrument."

—Chalmers M. Roberts, Washington Post *Jan. 2.*

The disturbing aspect of the Salisbury trip is the reaction of the Washington press corps. That America's foremost paper could send a correspondent to an enemy capital in the middle of a war and expose the misleading character of our own government's pronouncements was extraordinary. It has few parallels in history and it should make Americans proud of our free institutions and their continued vitality. This was something one would expect every newspaperman to boast about, no matter how he felt about the war itself. This was freedom of the press in the best Jeffersonian tradition. But the Salisbury exploit instead of being greeted by applause has evoked as mean, petty and unworthy a reaction as I have ever seen in the press corps. Part of it, no doubt, is jealousy, for Salisbury's passport was validated for North Vietnam last year it now appears along with several dozen other newspapermen. Part of it is something worse; the State Department, we may be sure, did not pass the word along to so many of its favored correspondents that they could go to North Vietnam in the hope that they would turn in any such report on what our

(*Continued on Page Four*)

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No Time to Exacerbate Racial Feeling by Expelling Clayton Powell

Though some of the statements from the Negro supporters of Clayton Powell are sheer demagogic racial nonsense, the character of others command respect and the general unanimity of the Negro community on the subject should give pause. We think this is a poor time to exacerbate racial feeling by action against the one militant Negro chairman in Congress. . . . There were scare stories by John W. Finney in the *New York Times* Dec. 30 and George C. Wilson in the *Washington Post* the same day to the effect that the underground nuclear blast in a Mississippi salt dome Dec. 3 may make impossible an international agreement to end underground testing. This is another of those leaks in the Edward Teller tradition which have from the beginning bedevilled all efforts at curbing the nuclear arms race. It would be well to wait for the formal report on the test before jumping to conclusions. The test was only 350-TNT tons equivalent or one-third of a kiloton yet it had to take place in a 110-foot sphere a half mile down in salt. It would take a hole 420 feet in diameter—or one and a half times the size of a football field—to muffle a 20-kiloton shot for a 300-fold decoupling. It would take 300 trips by 100 trucks to cart away the earth. An effort to use muffling on any significant scale would be easily detectible and fantastically expensive. . . .

Walter Reuther's "revolt" against George Meany only highlights the degeneration of the labor movement. The UAW's letter (Dec. 29) on its differences with the AFL-CIO went out of its way to avoid any criticism of foreign policy and did so in words Holy Warrish enough for Jay Lovestone. . . .

A kind word for Castro's Cuba is so rare in the U.S. press that we applaud Herbert L. Matthews for his courage in marking the ninth birthday of the Cuban revolution with a friendly article on the editorial page of the *New York Times* Jan. 2, and *Playboy Magazine* for its 15-page interview with the Cuban leader by Lee Lockwood, whose book, "Castro's Cuba, Cuba's Fidel" is to be published in March by Macmillan. The interview shows how different Castro is from the caricature in the American press.

One day Castro will be recognized as one of the most astute revolutionaries of our time, and a man who would be a moderate if we gave him half a chance. Mr. Matthews, in speaking of his achievements in education, added regretfully "Marxist indoctrination accompanies education at every stage, but considering the Cuban character it is unlikely to stick." What may make it stick is the character of American policy toward Cuba. There is hardly a Marxist cliché too crude to find justification in the crudity of U.S. policy toward Cuba. The latest example is our effort to keep the British from building a new fertilizer plant in Cuba. The AP from Washington (*Baltimore Sun,* Jan. 2) said Washington feels this would undercut its effort "to keep an economic squeeze on Castro to foster internal pressures," i.e. to use hunger as a political weapon.

The Smog That Walter Lippmann Flees

Though we have little conception of what life is like in those high reaches of the Establishment where Walter Lippmann dwells, we sympathize with his decision to leave Washington for New York. The social pressures for conformity in the capital are enormous, except for the rare few content, like Diogenes, with a solitary tub in the sun. The purity of Mr. Lippmann's style and the lucidity of his insight have grown with the years. He has never been so much in opposition, as he has to the Vietnamese war. We are sure this has exacted an unpleasant price from one accustomed to universal respect. This is a nasty town for those who dare deviate too sharply from party line. In an interview with the Washington Post (Dec. 30), Mr. Lippmann said he no longer sees the President a great deal, as he used to, because he found that Mr. Johnson misled him. "Cronyism is the curse of journalism," Mr. Lippmann said. "It is impossible for an objective newspaperman to be a friend of a President. Cronyism is a sure sign that something is wrong and that the public is not getting the whole journalistic truth. He shouldn't be calling us up and asking for advice. That sort of relationship is very corrupting." The corruptions of cronyism are not limited to contact with the President. Newspapermen become satellites of lesser officials as well. The most dangerous conspiracy in the country is the conspiracy in falsehood of the respectables. Washington is its center, and Mr. Lippmann—after three decades in this smog of sham—deserves a season in purer air.

How Castro Once Hoped for U.S. Comprehension and How He Sees Us Now

Playboy: When you came to power in 1959 did you think that Cuba and the U.S. were going to get along better than they actually have?

Castro: Yes, that was one of my illusions. At that time we believed that the revolutionary program could be carried out with a great degree of comprehension on the part of the people of the U.S. We believed that because it was just, it would be accepted. . . . What we didn't see clearly was that the North American interests affected by the revolution possessed the means to bring about a change of public opinion in the U.S. and to distort everything that was happening in Cuba and present it to the U.S. public in the worst form. . . .

Playboy: Did the subsequent hostility of the American government have much to do with creating a receptive atmosphere for communism in Cuba?

Castro: I think so, in the same way that the friendly acts of the Soviet Union also helped. . . . The policy of the U.S. is accelerating the radicalization of revolutionary movements not only in Cuba but throughout the world. . . . Unquestionably the U.S. today represents the most reactionary ideas in the world. And I think that they cause great danger both to the world and to the people of the U.S. themselves.

Playboy: What do you mean by "reactionary ideas?"

Castro: I mean especially its self-appointed role of world gendarme, its desire to impose outside its frontiers the kind of government system it thinks other states and peoples should have. . . .

Playboy: Our government's position is that the goal of international communism is to enslave peoples, not to liberate them.

Castro: . . . Tell me, for what purpose did the U.S. come to liberate us at the Bay of Pigs? To reestablish the power of the landowners, of thieves, of torturers, of the managers of its monopolistic businesses? In what sense can that be called liberty?

—Lee Lockwood's interview with Castro, Playboy, *Jan. '67*

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What McGeorge Bundy of Ford Foundation Didn't Tell on *Meet the Press*

Mr. SPIVAK: Mr. Bundy, from time to time it has been suggested that foundations like the Ford Foundation should be taxed. . . . What good reason can you give us for not paying a tax?

Mr. McGeorge BUNDY, president, Ford Foundation: Well, if we were in the business of trying to make money, then I would think we obviously would pay a tax.

Mr. SPIVAK: Well, aren't you in the business of making money? You may be giving it away, but you are making it too.

Mr. BUNDY: We have a portfolio which brings in money which we then give away. We are not making money in any normal business sense. It seems to me the question is the balance of advantage [in] our being classed like schools and colleges and churches. . . . It seems to me that we belong on the charitable side of the line. But I should add, Mr. Spivak, that my friend Dean Rusk, who used to be the head of the Rockefeller Foundation, once made an elaborate study of what the Rockefeller Fundation would in fact pay in taxes if it were to treat itself as a business and discovered that the sum involved was not very large.

—On Meet the Press, Dec. 25

"One of the most apparent loopholes in the foundation business involves the abuse of capital gains. According to the pliable laws that supposedly regulate foundations, capital gains not only escape taxation but they also do not have to be given away to charity if they are reinvested within a reasonable time. . . . Many foundation executives spend a great deal of their time jockeying their assets via unrestrained trading in the stock market—a far cry from 'charity.' The effect of this privileged gaming with stocks is that sometimes the foundations lose. But they care little about that since they are, at bottom, using the public's money for stakes.

"By and large the 575 foundations covered in this study have done very well in their market play. During the 4 years 1961 through 1964, they had capital gains (mostly from stock market transactions) of $1.3 billion—a fancy piece of profit indeed when compared to the capital gains of $1.4 billion which it took these foundations 10 years (1951 through 1960) to accumulate.

"Here is a huge amount of income, this capital gains mountain—growing and growing year after year, as if from some volcano of bullion—which should be distributed to charity on a reasonably current basis. The country's antipoverty needs . . . and all other worthwhile causes demand that Congress force these funds into charity by law. . . .

"The generosity of the Federal Government goes further: It not only fails to require foundations to disburse capital gains to charity if they are reinvested within a reasonable period of time, but it also gives them credit for capital losses. . . . According to the Treasury there is nothing wrong with spending the widow's mite on Wall Street.

"The crediting of speculative losses to a foundation's books in the same way that charity is credited can only encourage wildcat speculation. Certainly there is no evidence that the investment losses affect the corporate conscience of the foundations. Treasury officials admitted during our hearings in 1964 that they knew of no case where directors or trustees have reimbursed a foundation for losses incurred in speculation. Since conscience is obviously unable to do the job, investments should be made rigorously subject to whatever statutory rules are needed to protect the public's interest in the assets of foundations.

"It is all very well for the Ford Foundation and the Helen Hay Whitney Foundation of New York City to say that they are sorry to be among the 'sophisticated investors' caught in the collapse of the Atlantic Acceptance Corp. of Canada in 1965—Canada's biggest financial failure—but apologies will not bring back the $6.7 million which the Ford Foundation may lose and the $338,400 which the Helen Hay Whitney Foundation may lose. U.S. taxpayers trusted these two foundations with over $7 million that they tossed into speculation."

—Rep. Wright Patman's 4th report since 1962 on tax exempt foundations to the House Small Business Committee, Dec. 21.

Love Tax Exempt

"The creator of the St. Genevieve Foundation, Spencer R. Collins, a millionaire in his late 60s, supported twin sisters through several years of parties and gay living, spending an estimated $100,000 on them; part of the expenses being paid by the tax-exempt foundation. One of the twins lived in a posh duplex. The other twin, esconced in a 5-bedroom mansion on Lake Oswego, was paid $36,000 as a 'caretaker of the house.' Collins' defense for the tax evasion—for which he was convicted—was that he needed companionship."

—Patman's report on tax exempt foundations Dec. 21

A Form of American Financial "Know How" Europe Could Well Do Without

It is a pity the reporters who interviewed McGeorge Bundy on Meet the Press Christmas Day were too polite or too uninformed to question him about the Patman report on tax-exempt foundations, which had been made public four days earlier. This is where the loftiest and most respectable tax evasion and stock deals in our society take place.

The report notes that John J. McCloy, "for many years allied with the Rockefeller and Ford Foundations," recently told European leaders they ought to erect "a complex of foundations" to "exchange thoughts with those of American foundations and thus form a sort of international approach to some of the great problems of the day." He praised Germany's Volkswagen and Thyssen foundations.

Recalling the way Thyssen financed Hitler's rise, we shudder to think of what sanctimonious moneyed men could do with American methods. Thyssen never thought of deducting his contributions to the Nazis from his tax bill while they were undermining the German Republic. The Patman report warns Europeans not only of the tax dodges these foundations make possible but of the "dictatorial element" they are imposing on U.S. business. The report shows Nelson Rockefeller paid political expenses via his foundations and that some of New York's biggest banks used their foundations for sales of property at rigged prices without paying capital gains taxes. One feature of these foundations, the report noted, is "a highly structured and well-paid bureaucracy." Over 10 percent of total receipts in the foundations studied went for their salaries and expenses!

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Maybe It Would Be Easier Just to Repeal the First Amendment

(*Continued from Page One*)

bombers had been doing.

Goebbels Would Have Been Charmed

So a barrage of slander has been laid down. *Time* (Jan. 6), which can always be counted on for well-rounded views, attacks Salisbury's reports as "uncritical, one-dimensional". *Newsweek* (Jan. 9) said of Salisbury's observation that "American bombing has been inflicting considerable civilian casualties in Hanoi"—"To American eyes, it read like the line from Tass or Hsinsha" [misspelling in the original]. The *Washington Post,* which had hitherto kept its fervent support of the war to its editorial columns, was frenetic. Two days after the first Salisbury dispatch appeared, its main page one story with a four column headline was "Hanoi Seen Exploiting Its Civilian Casualties". Since the civilian casualties could no longer be denied, since the Pentagon itself was admitting them, Hanoi was now accused of "exploiting" them—a clear violation of the rules of war: apparently civilian casualties should be quietly buried in unmarked graves. The story, by Murray Marder, said "North Vietnam will admit more Western newsmen in an evident attempt to undermine the Johnson Administration's claims that its policy is to avoid bombing civilians." This was a double twist which would have delighted Goebbels.

Another bit of frenzied journalism followed on New Year's Day when the *Washington Post's* Pentagon correspondent, George C. Wilson, turned up with a Communist pamphlet issued last November on the bombings of Nam-dinh. He said "intelligence sources here . . . have copies of it." After somehow obtaining a copy, Mr. Wilson checked (1) with "intelligence sources" who "said it was authentic" and then (2) asked Arthur Sylvester, the Pentagon's top press officer, "if the pamphlet was indeed an authentic one". Sylvester replied, "Yes, so far as I know." After this passionate exercise in verification, Mr. Wilson then proceeded to discover that figures in the pamphlet were the same as the figures given Mr. Salisbury in Nam-dinh. "It is probable, but not certain," Mr. Wilson hinted darkly, "that President Johnson has been told about the relationship between the casualty figures in the *Times* and the pamphlet." Maybe he'll cancel his subscription. The climax of the *Washington Post's* impotent fury was a story next day, "Ho Tries A New Propaganda Weapon" by Chalmers Roberts. Its quality is indicated by the turgid sample in our box on page one. Even this was topped by Crosby Noyes in the *Washington Star* Jan. 4, where this ordinarily civilized journalist seemed to have gone completely off his rocker. He said this was the first U.S. government in history to permit "the systematic subversion" of its military commitment abroad. He attacked "an important segment of the press" for its "utter lack of identification . . . with what the government defines as the national interest." He thought it strange if not sinister for the government to allow any visits to Hanoi at all. Poor Joe McCarthy! He died too soon.

When "Enemy Propaganda" Was U.S. Boasting

"A representative of the U.S. peace movement said today she and three other American women now visiting Hanoi had seen North Vietnamese civilian victims of the U.S. air raids who were maimed by weapons not designed for military targets. . . . 'They were injured by weapons designed for use against people,' Miss Barbara Deming said. '. . . Things like fragmentation bombs'."

"(Defense Department spokesmen declined to comment on Miss Deming's charges, adding that they 'never commented on enemy propaganda.' Other Pentagon sources noted that 'all bombs fragment' and said they had no knowledge or comment on any use of special fragmentation bombs—employed against enemy soldiers in South Vietnam—in missions over North Vietnam.)" —Washington Post, *Dec. 29.*

"Saigon, June 1 (UPI)—US Air Force planes using a new secret type bomb turned eight square miles of North Vietnam into a raging inferno yesterday in the greatest bombing mission of the war, it was disclosed today. Reliable sources said the American planes dropped a powerful anti-personnel bomb among their explosives. It had been used before against North Vietnam but its use was not made public until today. The bomb shoots out thousands of lethal pellets."

—Washington Daily News *June 1, 1966.*

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